

EX PARTE NOTICE

**YUKON TELEPHONE COMPANY, INC.
P.O. Box 873809
Wasilla, Alaska 99687-3809**

November 14, 2001

Ms. Magalie Romas Salas
Secretary
Federal Communications Commission
445-12th Street, SW
Washington, DC 20554

RE: Ex Parte Notice CC Docket No. 96-45
State of Alaska Petition to Waive E-Rate Rules

Dear Ms. Salas:

After a discussion regarding the provisioning of internet access as it relates to universal service for schools and libraries in Alaska we sent information via email to Sam Feder, Matthew Brill, Jordan Goldstein, and Kyle Dixon.

An original of this ex parte notice and the attachment is being filed in the above referenced docket. Please include it in the public record.

Respectfully submitted,

/s/ Paula Eller
Paula E. Eller
President

Attachment

cc: Sam Feder
Matthew Brill
Jordan Goldstein
Kyle Dixon

Don Eller
Yukon Telephone Co. Inc.
P.O. Box 873809
Wasilla, Ak 99687

Ph 907-373-6007
Fax 907-373-5599

-----Original Message-----

From: Don Eller [mailto:nalaska@yukontel.com]
Sent: Monday, October 29, 2001 3:53 PM
To: 'Lt. Governor'
Subject: RE: Lt. Gov Fan Mail

Lynn,

I was wondering if the lieutenant governor had a chance to read the e-mail. I would appreciate some feedback.

Thanks for your help,

Don

Don Eller
Yukon Telephone Co. Inc.
P.O. Box 873809
Wasilla, Ak 99687

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-----Original Message-----

From: Lt. Governor [mailto:Lt_Governor@gov.state.ak.us]
Sent: Wednesday, October 24, 2001 7:56 AM
To: Don Eller
Subject: Re: Lt. Gov Fan Mail

Mr. Eller: The Lt. Governor is traveling and unable to access your email. I'll make sure she sees it when she returns to the office.

Lynn Bartlett, Executive Assistant
to the Lt. Governor

Don Eller wrote:

Dear lieutenant governor:

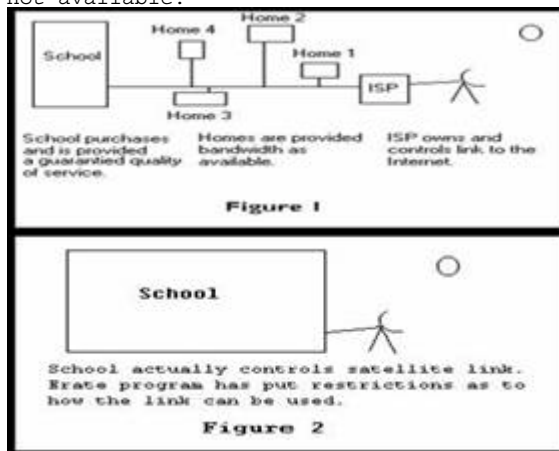
I know and understand the lieutenant governors limited time. However I would appreciate if she got to look at this directly. I know you have a personal interest in getting local Internet access into rural Alaska. Yukon telephone is doing it now and would be doing more except

for the structure of the system. Please take the five minutes required to read and the following material. The requested waiver of the E-rate is not necessary. The only thing that is limiting internet services in rural Alaska at present is the way the schools and libraries program has been implemented as the following material will clearly show.

Internet Access in Rural Alaska

The State of Alaska's Petition for Waiver of E-rate rule - CC Docket No. 96-45 is well meaning. All participants in the provisioning of telecommunications services agree that it is desirable that local flat rate Internet service be made available to all rural Alaskan communities. Unfortunately, free access to the bandwidth used by the Schools and Libraries will only widen the current digital divide in rural Alaska. Private solutions can be implemented immediately without any need for a waiver of the current E-rate rules.

The original intent of the E-rate program was that the Schools and Libraries program would supply an anchor tenant for smaller communities, as well as supply schools with access. It would then be economically feasible to provide Internet to the entire community with an anchor tenant. Unfortunately, with the way E-rate services have been implemented in much of rural Alaska, it has made the bandwidth to the Internet feeding the school, property of the school. The V-Sat units have been directly installed at the school, it uses school property, electricity, and other school resources making it property of the school. This eliminates the ability of an ISP to get started locally since the one anchor tenant available in the community is not available.



The structure in Figure 1 was the intent of the implementation of the E-rate program and unfortunately Figure 2 was how the program got implemented in much of rural Alaska, requiring the waiver of the E-rate rules. Please reference Attachment 1 if there is any question as to the legitimacy of the structure as outlined in Figure 1. Because of the two distinct services being offered in Figure 1, i.e., a fixed rate of conductivity and conductivity as available, price can be differentiated for the two different services. The model shown in Figure 1 actually should lead to lower prices for the E-rate program since there is another revenue stream from Bandwidth as Available Customers (BAC).

This is not a perfect solution. However, it is far superior to a special waiver of the E-rate rules. Local Internet users are able to gain 24 hour access to the Internet when not being used at 100% by the school. Government resources are not being used to compete directly with private resources, such as implementation of the State waiver competing with Starband or any other potential local ISP, leading to possible legal action. Local infrastructure is developed, competition is fostered, limited satellite resources are used efficiently, and there is no need to make special rules for Alaska. The local ISP solution has not been implemented for two basic reasons; both involve the purchasing practices of the E-rate program. First, if the services requested by the school are met, the low cost provider should be chosen. There should be no discretion. Second, because technology changes so rapidly and the E-rate funding is done on an annual basis, all contracts regarding the E-rate should be limited to one year. These two simple logical purchasing practices will lead to the rapid availability of local unlimited affordable Internet service for residents of rural Alaskan communities.

If the purchasing practices were changed, Tanana, Alaska would be a prime example of where Internet service could be available now. An offer was made to the current E-rate provider to purchase the conductivity used by the school, then sell the conductivity back to the E-rate provider at the school for less than the amount it was purchased. The school would have the same Internet Service it currently receives, but BAC packets could then be injected into any packet space that was not used by the school. Performance would also be enhanced by using push/pull technology and greater efficiencies would be gained, making the perceived performance greater than the actual performance. However, the school E-rate provider refused. As shown in the example, the local ISP could obviously provide services to the school for less than the current provider, but given the current purchasing rules for the E-rate program may not be chosen to provide service. The current E-rate provider has also encumbered the school

with a three year contract denying residents of the community affordable Internet services for the next three years.

Attachment 1

Thank you for your inquiry. It is acceptable for a service provider and an applicant to have the network service agreement described. The service agreement must be reached after the 28 day procurement period following the posting of the Form 470. The cost of the service incurred by the school is the only portion eligible for discount.

If you have any further questions please feel free to contact our Schools & Libraries Helpline at 888-203-8100 or contact us at question@universalservice.org. Please remember to visit our website for updates: <http://www.sl.universalservice.org/>

Thank you.

Universal Service Administrative Company
Schools and Libraries Division

<jl>

-----Original Message-----

Sent: Thursday, October 26, 2000 9:48 AM

To: question@universalservice.org

Subject: School funding

I need the follow question answered:

If I as an ISP have 64kbps of core access to the Internet backbone, contract

with the local school to provide 64kbps of conductivity to the Internet, and also sell locally a product which is bandwidth when available to the residents, are there any problems with this configuration?

My understanding is this configuration is legitimate as long as the services contracted to the school are delivered in accordance with the contract. It also allows lower costs for all parties because of more efficient bandwidth use. Also if SLD considers this configuration unacceptable, a network configuration is being defined rather than a level of service.

Again the question is whether or not the network as described above falls within the rules of SLD for funding as long as the contract with the local school is met?

Steve,

Thanks for your reply. I don't mean to run the subject into the ground, but I needed a firm position in writing. I strongly disagree with GCI's position because it denies the community of Tanana affordable access to the Internet, lowers the cost of services provided to the school, and makes efficient use of the limited satellite bandwidth available. I believe over time GCI will have increased pressure from the community of Tanana, The State of Alaska, and the e-rate program to provide service or allow it or be provided. If GCI reconsiders their position, please let me know.

Thanks,

Don

Steve Walker <swalker@gci.com> wrote:

>

> Don,

>

> Thanks for your interest in obtaining Internet bandwidth from GCI. However,

> your proposal to obtain only 64Kb of Internet access to serve both the

> Tanana schools and a customer base served by your Supervisions CATV cable

> modems does not meet GCI's objectives of providing quality Internet service

> to Alaskan schools and to provide useful broadband Internet access to

> residential customers at Anchorage-equivalent rates. Our offer to provide

> Internet bandwidth on a per-subscriber basis or to provide a pool of

> Internet bandwidth for your cable modem plant remains open.
Perhaps one of
> these options would work for you.
>
> GCI provides Yukon Tel in Tanana Internet access at three
levels for
> residential customers. Level one is at speeds up to T-1, level
two is at
> speeds up to 256Kb and level three is at speeds up to 64K. GCI
charges
> Yukon Tel on a per subscriber basis, \$39 for level one, \$22 for
level two
> and \$13.50 for level three. GCI made commitments on
residential rural
> Internet price points for 56K and 256K of \$25.25 and \$45.00
respectively, we
> would want to see those maintained, but we have no commitments
on the retail
> price point for a T-1 offering. Increasing the Tanana Internet
access to a
> rate usable by the Supervisions cable modem network you have
described would
> require a one time charge of \$5,000 to Yukon Tel.
>
> The second option is to buy Internet bandwidth at Anchorage
rates and the
> transport to Tanana.
>
>
> -----Original Message-----
> From: YukonEller@netscape.net [<mailto:YukonEller@netscape.net>]
> Sent: Thursday, May 10, 2001 8:04 AM
> To: swalker@gci.com
> Subject: Tanana
>
>
> Steve,
>
> Was wondering what your thoughts and ideas were with regard to
Internet in
> Tanana. Please let me know.
>
> Thanks,
>
> Don Eller
> --
> Don Eller
> Yukon Telephone Co. Inc.
> P.O. Box 873809
> Wasilla
>

> Get your own FREE, personal Netscape Webmail account today at
> <http://webmail.netscape.com/>
>

--

Don Eller
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Wasilla

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<http://webmail.netscape.com/>

Don,

The per subscriber offer is certainly open as is the offer to have you purchase bandwidth as a reseller. We remain opposed to your plan to obtain only enough bandwidth to meet the contract for the school, selling that bandwidth back to GCI with prioritization for the school, and using any unused bandwidth to feed your cable modem plant. I don't recall an interest in obtaining more than the school's contracted bandwidth, as I believe you are suggesting. If that is the case and the margin above the school's requirements made good business sense for both of us, then I'm sure we would be interested. We've made the commitment to serve all the villages where we have a presence with broadband Internet (see attached). If we can find a suitable arrangement for Yukon Tel to meet the need it will also meet our objective.

[Steve Walker]

-----Original Message-----

From: Don Eller [<mailto:nalaska@yukontel.com>]

Sent: Monday, July 16, 2001 8:45 AM

To: swalker@gci.com

Cc: dwestlund@gci.com; lrykaczewski@gci.com; mcary@gci.com

Subject: Tanana

Steve,

I was just following up to make sure that it was still GCI's position to only offer Internet access to me in Tanana on a per subscriber basis as stated in the May 14, 2001 email, rather than selling me bandwidth then purchasing some of it back at a lower cost to meet the needs of the school. I would then prioritize the school traffic so it was first but also allow community traffic over the same link on an as available basis.

Is this still GCI's position?

Don Eller

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